

# THE TEXAS TRIBUNE

## Hunt: State Needs Incentive Funding in Higher Ed

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In many developed countries, the youngest generation in the workforce has a significantly higher instance of achievement in higher education than the oldest generation. That's not the case in Texas.

Even in El Paso businessman [Woodley "Woody" Hunt](#)'s rosier projections, if Texas hopes to have a fighting chance in the global economy in 20 years, the rate at which the state's universities and colleges confer degrees will have to increase at least 4 percent annually. And that depends on an additional 600,000 or more adults going back to school to finally get a degree, as well as the number of highly qualified job-seekers migrating to Texas remaining consistent — presumably because the state continues to outperform its peers in a soft economy.



*photo by: Justin Dehn*

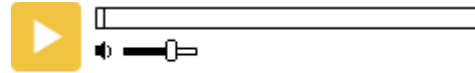
Trouble is, out of all 50 states, Texas ranks 49th in the percentage adults getting their GED, and it's facing a massively large budget shortfall. Should that cause the number of job seekers to fall off, Hunt says, the growth rate necessary to be competitive would rise to nearly 8 percent annually.

Hunt, who is currently the chairman of the [Governor's Business Council](#) and a former regent of the [University of Texas System](#), laid out these scenarios on Tuesday in his opening remarks at the [Texas Association of Business](#)' first-ever summit on higher education. The goal, he said, was to meet the international standard of 60 percent of the workforce with a higher education credential. "It's doable," he said, "but only if we significantly improve our productivity."

His preferred solution: alter the state's funding model to focus on outcomes. Currently, public universities are funded based on enrollment, not on how many enrolled students ultimately graduate with a degree.

Hunt talked with the Tribune during a break in the summit. An edited transcript and an audio clip follow.

**TT:** Why is the business community focused on higher education? What's their relationship?



**Hunt:** In a globally competitive world, the differentiator is increasingly your human capital and your knowledge skills. That's very clear [to me], intuitively, as a businessman, but also all the scholarly work that's being done [suggests] that new jobs being created [require] post-secondary education.

*Audio: Woody Hunt*

Incomes are increasingly correlated with the educational levels of the region, the state or the country that you live in. For those reasons, business has a self-interest in a competitive work force. Today, a competitive work force means one that has post-secondary credentials.

**TT:** What about you personally, as a businessman and an El Pasoan, draws you to focus on higher education?

**Hunt:** I live in a community that I would consider to be income- and education-impaired. That's not always been the case. In 1950, we were 20 percent above the state of Texas in terms of higher education attainment. Our median family income was 14 percent above. By the 2000 census, we were 30 percent below on both of those factors.

If it can happen to a community of 752,000, it can also happen to a state of 25 million. And to a certain extent, it is happening, because some of the same demographic changes that drove what happened in El Paso are also driving change in the state in terms of higher education attainment.

**TT:** In order to get where we need to be, you've said we need to dramatically increase productivity. Is it doable?

**Hunt:** Hopefully we're going to find out. But in order to find out, we have to be prepared to change policies. The first thing we need to do as the state, as the largest supporter of higher education, is we have to have very clear goals. Those goals need to be focused, at least in my view, on what I call incentivizing the pipeline.

How do you incentivize the behavior of a president of a college or a community college? I would like to have them waking up thinking, "How do I go out and recruit adults who have had some post-secondary education but never completed it? How do I get them back in my institution? How do I work with my local community college to get more transfers? How do I go to the K-12 system and try to work with them to get better prepared students?"

My argument would be that that leader, that president of the institution, is going to be more incentivized if he realizes that the dollars coming from the state are weighted toward outcomes, toward completions. The state has to be very clear. Our goal has to be completion — at least an associate's degree.

**TT:** What is the state facing if we don't increase productivity?

**Hunt:** Because of the high correlation between income and higher education — and it's an increasing one; it has not remained flat over time — what you're facing is fewer resources, because you're going to have lower incomes. You're going to have fewer resources to invest in education. It creates a negative circle of lower incomes, fewer resources, less spending on education, less competitiveness and lower income. This is one of those things we can't afford not to do right.

**TT:** Can you put the responsibility on one group? If we don't get there, whose fault will it be: the institutions', the students', the business community's?

**Hunt:** They all have a stake, and they all need to participate. Obviously the Legislature plays a very, very big role. Ultimately we are a state that is largely public institutions. We're talking about state policy and a change in that policy. It's an education process and a decision-making process, and the buck stops at the Legislature.

Several years ago, I participated on a task force for incentives for higher education. We took approximately 1 percent of the [funding] formula and put half of it to go to institutions based on the number of degrees and the other half to go to institutions based on increases in degrees. It was just a small little sliver. It didn't change the dollars. It was a change in policy. We need to expand those types of efforts.

**TT:** How difficult will improving productivity be in light of the looming budget crisis?

**Hunt:** The budget challenges could obviously lead to fewer dollars. To me, having fewer dollars is even a stronger argument for making changes that can drive more productivity. The tools you've got: You spend more money or you do things better. Obviously, you'd like to do both. But if you don't have the dollars, now's the time to be doing things better.

**TT:** We're at a higher education conference put on by the business community. There seems to be a lot of dialogue around this.

**Hunt:** I've been at this a while, and the dialogue has improved significantly. In our communications with the legislative leadership and the [Texas Higher Education Coordinating Board](#), we're all talking the same language, so to speak. Still, that doesn't give us the dollars to spend.



**DISCLOSURE**



*Woody Hunt's family foundation has pledged \$15,000 to the Tribune over the next three years.*

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